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**2019 Annual Report of the Lawyer Trust Account Commission  
and  
FY 2019-2020 Grant Recommendations**

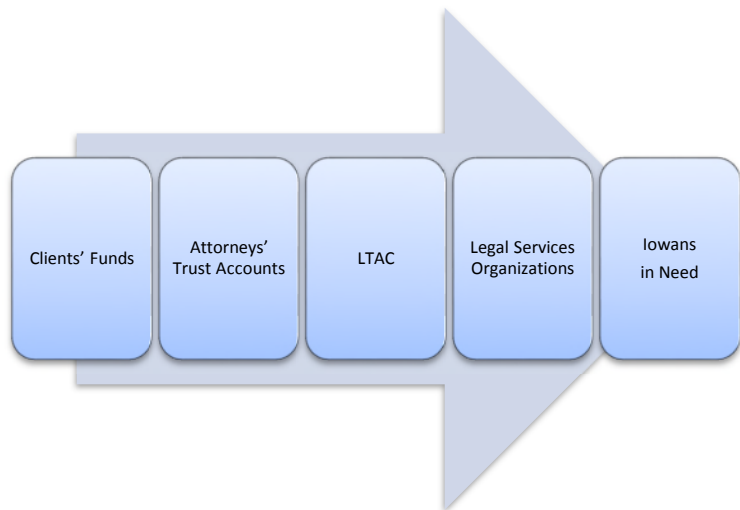
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In July of 1985 the Iowa Supreme Court awarded the first grants from funds received via the Interest of Lawyers' Trust Account (IOLTA) program. Since the start of the IOLTA program, more than \$24.6 million has been awarded to organizations that are either assisting low-income Iowans with civil legal problems or involved in law-related education projects.

IOLTA grant funds are generated from the interest earned on pooled trust accounts held by Iowa lawyers. Lawyers practicing law in Iowa are required to deposit clients' funds in the pooled interest-bearing trust accounts maintained by Iowa's banks and credit unions. There are currently 4,359 active lawyer trust accounts in 252 financial institutions. This is slightly less than last year, where there were 4,293 active lawyer trust accounts in 259 financial institutions.



Since the trust funds involved are often small in amount or held for only a brief period of time, it is not possible for them to economically benefit an individual client. For this reason the interest earned on the funds in the accounts is ultimately remitted to the Lawyers' Trust Account Commission, which oversees a grant application process on behalf of the Court. Each year the Commission reviews grant applications submitted from organizations from around the state. It then makes a recommendation to the Iowa Supreme Court as to which

programs should be awarded funding and the recommended amount. The Commission also makes recommendations to the Court on the awarding of non-IOLTA funds when the occasions arise. This year the Commission will be making recommendations on the awarding of the remaining funds from a settlement between the Department of Justice and the Bank of America.

### Current Fiscal Year Grants

For the fiscal year July 1, 2018 through June 30, 2019, the Supreme Court awarded grant funding in the amount of \$254,818, which was distributed to twelve organizations in thirteen separate grants. All of these grants have all been distributed other than those that are made payable upon request:

2018-2019 IOLTA Grant Disbursement Schedule						
Grantee	Total Grant	1-Jul-18	1-Oct-18	1-Jan-19	1-Apr-19	Upon Request
Iowa Legal Aid - Main Grant	\$148,570.50	\$37,142.63	\$37,142.63	\$37,142.63	\$37,142.61	
Muscatine Legal Services	\$7,134.00	\$1,783.50	\$1,783.50	\$1,783.50	\$1,783.50	
Polk County VLP	\$32,289.50	\$8,072.38	\$8,072.38	\$8,072.38	\$8,072.36	
Civil Legal Assistance	\$6,244.00	\$0.00	\$0.00	\$0.00	\$0.00	\$6,244.00
YLD Know Your Const.	\$1,954.00	\$1,954.00	\$0.00	\$0.00	\$0.00	
Drake Poverty Law Clinic	\$9,054.50	\$0.00	\$0.00	\$0.00	\$0.00	\$9,054.50
Iowa Legal Aid-Hotline	\$21,620.00	\$5,405.00	\$5,405.00	\$5,405.00	\$5,405.00	
Justice For Our Neighbors	\$6,244.00	\$1,561.00	\$1,561.00	\$1,561.00	\$1,561.00	
Kids First	\$3,360.00	\$840.00	\$840.00	\$840.00	\$840.00	
Appanoose County Bar Association	\$3,173.00	\$793.25	\$793.25	\$793.25	\$793.25	
Third Judicial District	\$3,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,000.00
Legal Aid Society of Story County	\$7,174.50	\$1,793.63	\$1,793.63	\$1,793.63	\$1,793.61	
Iowa Law Firm Incubator	\$5,000.00	\$5,000.00				
Total	\$254,818.00	\$64,345.39	\$57,391.39	\$57,391.39	\$57,391.33	\$18,298.50
Checksum						\$254,818.00

Additional funds are also being distributed from a special grant derived from a settlement reached between the United States Department of Justice and Bank of America. Those funds are being distributed on a two-year grant basis (July 1, 2017, through June

30, 2019). On April 27, 2017, the Court approved a total of \$1,816,719 in grant funding to three organizations in seven separate grants. All of these grants have been executed on schedule:

<b>2017-2018 &amp; 2018-2019 Bank of America IOLTA Grant Disbursement Schedule</b>									
<b>Grantee</b>	<b>Total Grant</b>	<b>1-Jul-17</b>	<b>1-Oct-17</b>	<b>1-Jan-18</b>	<b>1-Apr-18</b>	<b>1-Jul-18</b>	<b>1-Oct-18</b>	<b>1-Jan-19</b>	<b>1-Apr-19</b>
Muscatine Legal Services	\$30,000.00	\$3,750.00	\$3,750.00	\$3,750.00	\$3,750.00	\$3,750.00	\$3,750.00	\$3,750.00	\$3,750.00
Iowa Legal Aid Foreclosure Prevention Project	\$300,000.00	\$37,500.00	\$37,500.00	\$37,500.00	\$37,500.00	\$37,500.00	\$37,500.00	\$37,500.00	\$37,500.00
Drake Law School Redevelopment & Entrepreneurial Legal Clinic	\$500,000.00	\$62,500.00	\$62,500.00	\$62,500.00	\$62,500.00	\$62,500.00	\$62,500.00	\$62,500.00	\$62,500.00
Iowa Legal Aid Race Equity Project	\$100,000.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00
Iowa Legal Aid Community Economic Development Project	\$500,000.00	\$62,500.00	\$62,500.00	\$62,500.00	\$62,500.00	\$62,500.00	\$62,500.00	\$62,500.00	\$62,500.00
Iowa Legal Aid Community Stabilization Project	\$186,719.00	\$23,339.88	\$23,339.88	\$23,339.88	\$23,339.88	\$23,339.88	\$23,339.88	\$23,339.88	\$23,339.88
Iowa Legal Aid Immigration Stabilization Project	\$200,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00
<b>Total</b>	<b>\$1,816,719.00</b>	<b>\$227,089.88</b>	<b>\$227,089.88</b>	<b>\$227,089.88</b>	<b>\$227,089.88</b>	<b>\$227,089.88</b>	<b>\$227,089.88</b>	<b>\$227,089.88</b>	<b>\$227,089.88</b>
<b>Remaining</b>		<b>\$1,589,629.13</b>	<b>\$1,362,539.25</b>	<b>\$1,135,449.38</b>	<b>\$908,359.50</b>	<b>\$681,269.63</b>	<b>\$454,179.75</b>	<b>\$227,089.88</b>	<b>\$0.00</b>

Finally, an additional \$1,000,000 in funding from the Bank of America settlement funds was reserved for a third round of grant applications for next fiscal year (FY 2019-2020). Those funds have been invested into certificates of deposit at various financial institutions and are scheduled to roll out on a quarterly basis.

## **Lawyer Trust Account Operations & Financial Posture**

Commission funds are deposited in accounts or investments managed by Wells Fargo Bank, Des Moines, Iowa. As of March 31, 2019, the Commission had a total of \$1,865,492 in total assets, consisting of deposits in checking, savings accounts and certificate of deposits. By way of comparison, on March 31, 2018, the Commission had a total of \$2,523,043 in assets, consisting of deposits in checking, savings accounts and certificate of deposits. This

difference in assets is largely attributable to the funds paid out for the Bank of America grants.

The following table provides a better picture of the financial status of the Commission:

	March 31, 2016 (FY15-16)	March 31, 2017 (FY16-17)	March 31, 2018 (FY17-18)	March 31, 2019 (FY19-20)
<b>Savings/CD Account</b>	\$533,422	\$3,148,920	\$2,437,752	\$1,512,654
<b>2nd BoA Settlement Funds</b>		\$2,816,719	\$2,135,445	\$1,227,089
<b>1st BoA Settlement Funds</b>	\$326,652	\$86,663		
<b>Non-BoA Funds (IOLTA)</b>	\$206,770	\$245,573	\$302,298	\$285,565
<b>Checking Account</b>	\$59,446	\$82,597	\$85,291	\$352,838
<b>Total Assets</b>	\$592,868	\$3,231,517	\$2,523,043	\$1,865,492
<b>Total Assets Minus BoA Funds</b>	<b>\$266,216</b>	<b>\$328,134</b>	<b>\$387,598</b>	<b>\$638,403</b>

### **IOLTA Grants for Next Fiscal Year (2019-2020)**

On December 3, 2019, the Commission announced that applications for grants under the IOLTA program were being accepted for the grant cycle running from July 1, 2019 to June 30, 2020. To be considered for this grant cycle, a February 1, 2019, filing deadline was established for applications. Potential applicants were advised that grantees would be announced in late May or early June of 2019.

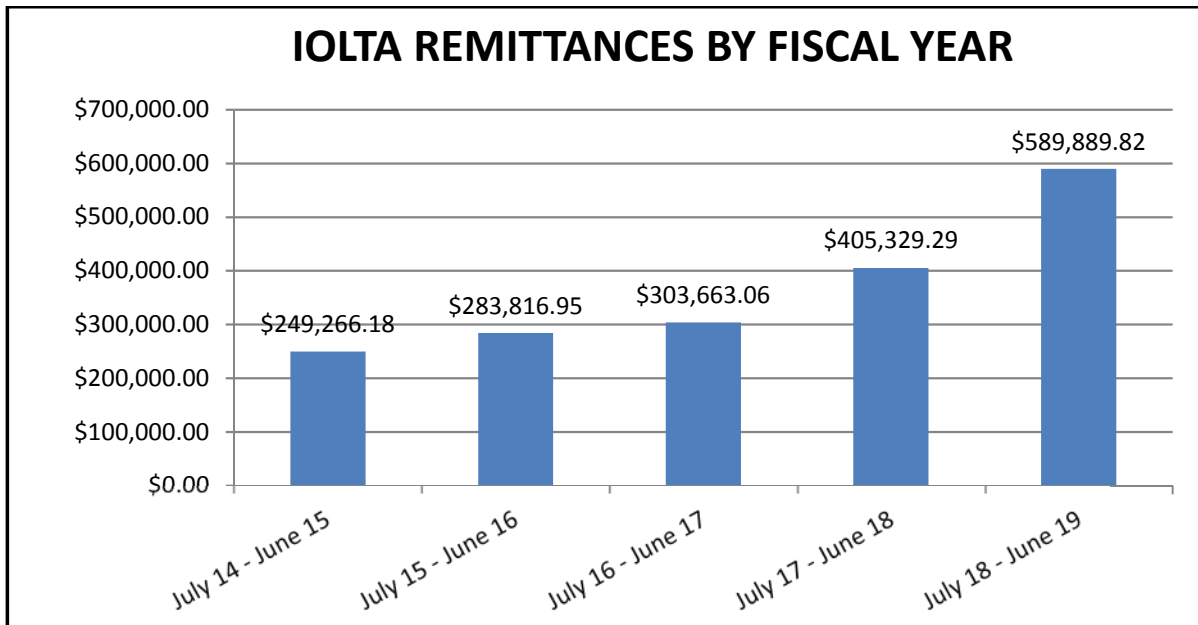
Fourteen requests for funding were timely received, from thirteen different applicants. Twelve of the requests were from existing grantees. Two new grantees, Muscatine Small Claims Mediation Volunteers and Serve Iowa, also submitted grant requests. Here are the grant applicants for this year:

Civil Legal Assistance Fund (2 <sup>nd</sup> District)	Muscatine Legal Services
Iowa Justice For Our Neighbors	Legal Aid Society of Story Co.
Iowa Legal Aid - Main Grant & Hotline	Kids First Law Center
Drake/U of I Poverty Law Internship	Appanoose County Bar Association
Polk Co. Bar Association VLP	Third Judicial District
ISBA YLD Know Your Constitution	Serve Iowa
Muscatine Small Claims Mediation Volunteers	

### **Process Used to Determine Grant Award Recommendations**

Determining the size of the funding pool requires balancing the Commission's anticipated income with its annual expenditures. Ideally the two will balance out, with the reserves providing a slight cushion in the event of unexpected decreases during the last quarter of the fiscal.

IOLTA remittances for the first ten months of the current fiscal year total \$589,889, which is \$245,313 higher than last year at this time. Remittances have continued to increase from the historic lows of past fiscal years as the economy has improved:



Estimating the amount of IOLTA remittances that will be paid out during the last two months of the fourth quarter (May and June) is a delicate juggling act. If an overly optimistic estimation is given but is not fulfilled, then the Court is at risk of issuing grant awards which cannot be covered by the grant funds. For obvious reason, this cannot be allowed to happen. At the same time, too conservative of an estimation means that the full amount of the funding received is not able to be awarded.

When determining the estimated fourth quarter IOLTA remittances for recommendation purposes, the Commission has historically looked at the amount of remittances received to date compared with prior years, then derived a percentage increase or decrease, operating under the presumption that the trend will continue. For the most part this comparison has worked well, with the highs and lows balancing out. The primary risk of using this method is an unforeseen drop in IOLTA remittances, as took place in November of 2016.

For FY 2019-20 grant funding purposes, the Commission assumed that the rate of remittances received during the final quarter of this fiscal year will exceed what was received in last year's final quarter, \$114,884. The Commission also assumed there would be a slight increase in the total amount remitted. For grant funding calculations, the Commission estimated that an additional \$10,000 in remittances would be received over last year's remittances, increasing the total amount of estimated remittances during the fourth quarter of FY2018-19 to be \$125,000.<sup>1</sup> The Commission felt this balanced the optimism for continued strong economic activity with the potential for decreased business transactions brought about by stock market volatility, increases in interest rates and possible harm brought to Iowa's farming community due to disputes over international trade .

The estimated IOLTA remittances at the end of fiscal year 2018-19 will well be in excess of last fiscal year's remittances. **It is projected that at least \$616,771 in remittances will be received by the end of this fiscal year—a \$211,442 increase over fiscal year 2017-18.**

A second source of income to be considered are non-IOLTA funds which can be used for IOLTA funding (e.g. non-reserved funding) and any interest on the Commission's certificates of deposit and savings account. The last non-reserved funding received by the Commission was \$240,418 in FY 2012-13 which came from a settlement out of the State of Washington. Those funds were received in one lump sum payment, but were utilized

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<sup>1</sup> After the Commission's meeting, the April 2019 remittances were reported. \$98,117.87 was collected during April. If May and June have remittances that match last fiscal year's, the anticipated amount of remittances will increase by an additional \$25,000, for a total of \$150,000. For purposes of this report, we are using the same calculations considered by the Commission.



over a five year period to help cover the Commission's expenses. This allowed for a larger IOLTA grant funding pool than would otherwise be allowed by IOLTA remittances alone. Those funds have now been exhausted. The only additional source of income is interest from the Commission's holdings and investments of funds, which is currently \$14,908.<sup>2</sup>

As of this date, the Commission's budget for the next fiscal year has not yet been finalized. There will likely be a slight increase over last year's budget due to rising costs and expenses. It is estimated there will be an increase over last year's budget of \$93,602, resulting in a budget of approximately \$95,000, exclusive of any capital expenses which may be necessary.

This year the Commission (along with the Client Security Commission and the CLE Commission) has a capital expense of \$100,000, which is one-third of the estimated costs of transferring the software application used to receive and track IOLTA remittances. That application, called the "SCC Application," is the same one used by attorneys when they file their annual CLE and Client Security reports. The software platform upon which the application is based, Apache Struts 1.0, and some of the attendant reporting applications, have reached "end of life" and need to be replaced to ensure continued operation. The

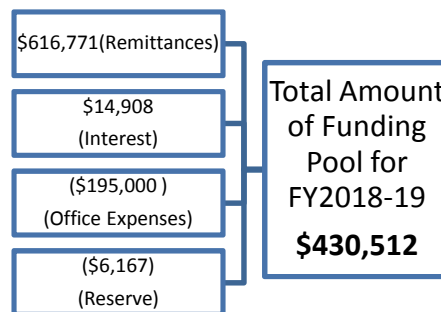
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<sup>2</sup> There were no restrictions on the interest earned on the BoA funds in the settlement documents, nor has there been any consensus amongst the IOLTA community nationwide as to whether the interest is restricted or not. Last year OPR and the Commission took the position that any interest on the funds could be used to help cover the cost of administering, overseeing and handling the three grant application processes relating to the BoA funds themselves, but did not need to be distributed as part of the actual grants. This avoids IOLTA funds being spent on the BoA grants. This position was shared with the auditors who annually audit the books of the Lawyers' Trust Account Commission and they had no objection.

entire program is in the process of being ported to a new platform (Oracle APEX), and is scheduled to be completed before the next filing season begins (December of 2019).

The final line item to be considered when determining the amount of funding available for grants is the necessity of a small reserve to be retained in the event of a slowdown in anticipated remittances during the last quarter of the fiscal year. Historically, funds for this reserve were those provided by the aforementioned Washington State settlement. Those funds are now exhausted.

Accordingly, financial prudence dictates that a small reserve be maintained to cover the last quarter. Last year the Commission determined that a reserve of 2.5% of the estimated annual remittance was to be factored into the calculations. This year, however, the amount of the reserve is being decreased to 1.0%. In the event that the reserve is not necessary, it along with any IOLTA remittances that exceed the projected forecast can roll-over into next year's IOLTA grant pool or be distributed in a supplemental funding order as has been done in previous years when there has been additional funding awarded.



Taking the above factors into consideration, **the total amount of funding available for the FY 2019-20 IOLTA grants will be \$430,512.** This figure is \$176,149 more than was distributed last year.<sup>3</sup> The Commission's recommendations to the Court are calculated using this figure.

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<sup>3</sup> The BBB Wise Giving Alliance which rates charitable organizations requires that at least 65%

## Options Considered by the Commission

The Commission considered three options for its recommendation regarding the awarding of grants for the 2019-2020 grant year.

**Option 1** funds only the entities which received grant funding last year. No funds are provided for either Serve Iowa or Muscatine Small Claims Mediators. This option apportions the recommended total funding amount across the remaining pool of grantees by applying a common percentage of 174% percent to the current year grants, except for the Second Judicial District Civil Assistance Fund, YLD Know Your Constitution Program, and Muscatine Legal Services, all of which would receive 100 percent of their grant request.

**Option 2** also funds only the entities which received grant funding last year. No funds are provided for either Serve Iowa or Muscatine Small Claims Volunteer Mediators. This option apportions the recommended total funding amount across the remaining pool of grantees by applying a common percentage of approximately 77% percent of the requested amount, except for the YLD Know Your Constitution Program which would receive 100 percent of their grant request.

**Option 3** funds all entities except Serve Iowa. This option apportions the recommended total funding amount across the remaining pool of grantees by applying a common percentage of 171% percent to the current year grants, except for the Second Judicial District Civil Assistance Fund, YLD Know Your Constitution Program, Muscatine Legal Services, and Muscatine Small Claims Volunteer Mediators, all of which would receive 100 percent of their grant request.

Commission precedent during years of declining interest income has been to avoid significant expenditures on new grants, and to generally apply any necessary reduction across-the-board to existing grantees, rather than reducing grants to specific grantees for the purpose of maintaining status quo funding for others. Similarly, during years when

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of a charity's total expenses are spent on program activities in order to obtain an "A" rating. The \$430,512 would be 70% of the total remittances received. This is a slight decrease from last year's 71% due to the capital expenditures.

interest income has increased, the Commission generally has apportioned the increase across-the-board to existing grantees, but considered meritorious new grants.

Much of the focus of the Commission was on whether or not Serve Iowa or the Muscatine Small Claims Mediation Volunteers fit with the requirements of IOLTA grantees. The Commission ultimately found that neither entity fell within the guidelines and thus the Commission does not recommend funding either one of them.

Serve Iowa is a new organization designed to serve families in juvenile child welfare (CINA) matters. Their goal is to remove the small barriers that families face when trying to reunify with their children. They specifically do not provide direct legal services. They are requesting \$10,000 to purchase and provide 85 families with gift cards.<sup>4</sup>

The Commission did not believe that Serve Iowa's program met the statement of purpose set forth in Iowa Court Rule 44.2(2) (The IOLTA program is intended to fill a critical need for legal services to low income persons in civil cases, or educational and other specific law-related programs that are designed to improve the administration of justice in Iowa) nor grant criteria found in Rule 44.3:

- ▶ "The commission is especially interested in using its limited funds as seed money to establish new programs which contribute to the **increased availability of legal services** to indigents in all parts of the state **or** will provide **increased education** about the rights and responsibilities of all citizens under our legal system." Rule 44.3(11)
- ▶ "The commission examines applications based on the general return on investment and an overall **emphasis on legal services** for low income persons." Rule 44.3(13)

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<sup>4</sup> A \$25 fuel gift card, \$16 bus pass, \$25 Walmart/Beacon of Hope gift card, and a \$50 payment to offset extracurricular activities for students.

Since Serve Iowa didn't fall into either category—in fact it specifically noted in its grant application that it does not provide legal services—the Commission declined to recommend funding. The Commission was also concerned that funding such a program would set precedent for other, non-legal service entities to request funding.

The Muscatine Small Claims Mediation Volunteers, on the other hand, do provide some legal services inasmuch as mediations are considered legal services when performed by a lawyer. However, none of the mediators are attorneys. They are all volunteer lay members who have requested a stipend for their volunteer services. They are requesting \$3,300, which would equate to a \$40 stipend per courthouse visit for each volunteer for their estimated 80 cases.

One of the primary concerns of the Commission about the Muscatine Small Claims Mediation Volunteer program is that there is no “legal services entity” to which the funds can be awarded. The volunteers themselves have requested the funds so they could put them into a bank account, presumably in the name of one of the volunteers. The Commission was troubled by this, as there would be no oversight over the funding which is otherwise required. The Commission might feel otherwise about the program if the 7<sup>th</sup> Judicial District ran the program or was operating as its fiscal agent. Chief Judge Marlita Greve wrote a letter in support of the grant request for the volunteers but she did not indicate that they would serve as overseer of the funds.

Historically, the Commission has been hesitant to recommend funding for non-lawyer service programs. It has also not recommended funding for other mediation programs. In FY2017-18 the Court agreed with the Commission and denied funding for the

Iowa Mediation Service program, which sought funds for training and CLE for mediators. Accordingly, the Commission recommends the Court not award funding for the Muscatine Small Claims Mediator Volunteers for this year.

### **Funding Considerations**

The Commission looked at two approaches to funding. The first was to use the amount of the funding awarded last fiscal year as a starting point. This has been the historical procedure. The second consideration was to base the amount of the request. The Commission ultimately felt that predicating the amount of the award on the amount request would give more financing to those whose solely asked for more funding and be detrimental those that were fiscally prudent in their requested amount. All grantees would presumably like as much funding as they could possibly get, but building upon the funding they received the previous year was determined to be the better choice.

After much discussion, the Commission **recommends the Court award grant funding pursuant to option 1.** This gives 174% across the board increases to all entities except those that will have reached 100% of their requested amounts.

EXHIBIT C GRANT RECOMMENDATION OPTIONS						
FY2019-2020 IOLTA GRANTS				Option 1 - 174% of last year's grant or max request	Option 2 - 77% of request	Option 3 - 171% of last year's grant or max
Number	Name	2018-2019	2019-2020	2018-2019	2018-2019	2018-2019
		Grant	Request	Award Amount	Award Amount	Award Amount
1	Civil Legal Assistance Fund	\$6,244.00	<b>\$10,500.00</b>	\$10,500.00	\$8,085.00	\$10,500.00
2	Justice For Our Neighbors	\$6,244.00	<b>\$20,000.00</b>	\$10,864.56	\$15,400.00	\$10,677.24
3	Iowa Legal Aid - Main Grant	\$148,570.50	<b>\$296,663.00</b>	\$258,512.67	\$228,430.51	\$254,055.56
4	Iowa Legal Aid -Hotline	\$21,620.00	<b>\$51,192.00</b>	\$37,618.80	\$39,417.84	\$36,970.20
5	Drake Poverty Law Internship	\$9,054.50	<b>\$26,550.26</b>	\$15,754.83	\$20,443.70	\$15,483.20
6	Polk Co. Bar Association VLP	\$32,289.50	<b>\$76,652.00</b>	\$56,183.73	\$59,022.04	\$55,215.05
7	YLD Know Your Constitution	\$1,954.00	<b>\$1,954.00</b>	\$1,954.00	\$1,954.00	\$1,954.00
8	Muscatine Legal Services	\$7,134.00	<b>\$12,000.00</b>	\$12,000.00	\$9,240.00	\$12,000.00
9	Legal Aid Society of Story Co.	\$7,174.50	<b>\$16,250.00</b>	\$12,483.63	\$12,512.50	\$12,268.40
10	Kids First Law Center	\$3,360.00	<b>\$16,744.00</b>	\$5,846.40	\$12,892.88	\$5,745.60
11	Appanoose County Bar Association*	\$3,173.00	<b>\$21,500.00</b>	\$5,521.02	\$16,555.00	\$5,425.83
12	Third Judicial District	\$3,000.00	<b>\$10,000.00</b>	\$5,250.00	\$7,700.00	\$5,130.00
	<b>Muscatine Small Claims Mediation Volunteers</b>	N/A	<b>\$3,300.00</b>	\$0.00	\$0.00	\$3,300.00
	<b>Serve Iowa</b>	N/A	<b>\$10,000.00</b>	0	\$0.00	\$0.00
Totals		\$254,818.00	\$573,305.26	<b>\$432,489.64</b>	<b>\$431,653.47</b>	<b>\$434,125.06</b>

## **Bank of America Grants**

In addition to the IOLTA funds, the Commission considered the awarding of special grant funding program created as a result of the second round of funding from the Bank of America (BoA) settlement with the United States Department of Justice (USDJ). These are a “one time” funding source, with this being the final portion of the funding.

## **Background on Bank of America Settlement**

On June 29, 2016, the Lawyer Trust Account Commission (the commission) received a check in the amount of \$2,816,719 (the BoA funds). The amount represented the second half of the commission’s share of the proceeds of a settlement reached between BoA and USDJ, **for** claims relating to the BoA’s involvement in residential mortgage-backed securities.<sup>5</sup> On April 27, 2017, the Court approved a total of \$1,816,719 in grant funding to three organizations in seven separate grants. **\$1,000,000 remains to be distributed.**

The settlement agreement and donation terms restricted the allowable grantees to legal aid organizations in Iowa. The agreement and donation terms also provided **that the Commission** could not use any of the BoA funds for its own expenses related to the administration of the funds. The use of the BoA funds **was** restricted to “foreclosure related legal assistance” and “community redevelopment legal services.” There were no other limitations as to the duration, geographical location or funding of the individual projects.

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<sup>5</sup> In April of 2015 the LTAC received check for \$246,652.55 which was the first half in settlement funds. These were awarded to Iowa Legal Aid for their Foreclosure Prevention Project.



## **Background on Submission Process**

Unlike the normal IOLTA grant application process, the Bank of America funding is project oriented. The grant funded projects differed vastly in terms of duration, scope and even concept. Most of them were new and innovative projects that had never been tried before and all of them were successful in their initial two-year funding cycle. All of the entities have filed renewed applications, seeking additional awards from the remaining funds. The Commission reviewed the documentation submitted by the applicants, gave consideration to the viability of the underlying entity without funding and tried to determine the greatest anticipated return of results to Iowa's communities by use of the settlement funds.

## **Mortgage Foreclosure Legal Assistance**

Two grant applications were received that focused specifically on the area of foreclosure. The grantees were asked to demonstrate in their narrative a clear understanding of the current needs and challenges within the communities to be served, knowledge of successful models, flexibility and creativity, and necessary collaborations to achieve stated goals. Regardless of the foreclosure prevention model proposed, *legal assistance* was to be the key component of the service being delivered. Both of the grant applications submitted in this area fulfilled the necessary requirements albeit via different methods.

### ***Muscatine Legal Services Mortgage Foreclosure Project***

Muscatine Legal Services (MLS) has requested additional funding for its Mortgage Foreclosure Project. This project previously received \$30,000 in BoA funds and primarily impacted individuals in Muscatine County. This was a new program created and sustained by BoA funds. In the first phase of the program, MLS created a packet entitled “Foreclosure in Iowa: A Practical Guide,” which was printed and made available to various entities within Muscatine County. The second phase of the project involved designating a weekly block of time for an attorney to assist homeowners with understanding their rights during the foreclosure process. MLS reports that it has formally opened a total of eleven cases as a result of this program and that it has been able to give detailed advice to another thirteen residents. Of the eleven opened cases, five have been closed with favorable results. Finally, MLS is in the process of creating a report regarding foreclosure statistics in Muscatine and surrounding communities that will be dispersed to organizations that may benefit from the information as well as to policymakers who may use it to assist in designing solutions to the foreclosure problem in Muscatine and Iowa.

In its current application, MLS requests \$32,000 of additional BoA funds to continue this program for an additional two years. This is only one of two applications specifically devoted to foreclosure prevention. Because of its comparatively low amount of funding requested, the Commission recommends this grant request be approved.

### ***Iowa Legal Aid Foreclosure Prevention Project***

Iowa Legal Aid's Foreclosure Prevention Project was the sole recipient of the funding from the first round of Bank of America funding. The project received the entirety of the \$246,652.55 for a two-year period (July 1, 2015 through June 30, 2017). During the second round of BoA funding, the Foreclosure Prevention project received an additional \$300,000. The project exceeded its goal of serving between 350–440 homeowners and actually handled 478 cases for low-income homeowners facing foreclosure in the past two years.

Iowa Legal Aid has asked for funding in the amount of \$300,000 in its current application. Its program will continue to provide legal assistance targeted to low-income homeowners facing foreclosure or forfeiture. It will also continue its community outreach to educate targets communities about foreclosure processes and other services that would be of benefit to individuals dealing with a foreclosure situation.

The Commission's recommendation is that funding for this program be granted because of the program's initial impact on the community and because the project has a specific focus on foreclosure prevention.

### **Community Redevelopment Legal Assistance Applications**

There were five applications submitted for this category—all of which are for programs that were approved in the last round of funding. The community redevelopment funds are specifically to be used to redevelop a community through legal assistance. No specific definition was provided for the word "community," so the Commission interpreted it broadly to include either a geographical area or a certain

demographic such as race, legal status, etc., just as it did during the last round of applications.

***Drake Law School Entrepreneurial Clinic***

Drake Law School submitted a two-year grant request in the amount of \$611,000 for a continuation of its Entrepreneurial Clinic, which received BoA funds in 2017, and to expand the reach of Drake's Rural Access Justice Initiative (RAJI). The Entrepreneurial Clinic received \$500,000 in the last round of funding.

The Entrepreneurial Clinic supports business development and revitalizes neighborhoods and rural communities by providing legal educational resources, direct legal representation, and legal advocacy services aimed directly at business and community-based nonprofit organizations. These services are offered to Clinic clients free of charge. Drake Law Students participate in the clinic under the student practice rule in accordance with other Drake Legal Clinics.

During the first eighteen months of the program, the Entrepreneurial Clinic served 211 clients. In its application, Drake has indicated it will continue to sponsor community workshops, continue working with its existing clients, expand its reach to additional start-up business owners and nonprofit organizations, and continue to seek community-based partners to expand the reach of the program.

The goal of the RAJI program is to advance rural development by assisting four to six recent law school graduates interested in establishing law practices in county seats and rural communities. Program staff would provide resources, training, and mentoring to RAJI attorneys in exchange for the attorneys' commitment to provide pro bono or low-

fee services to startups and business clients in those rural communities.

The Commission recommends providing funding to Drake Law School for continuation of the Entrepreneurial Clinic in light of its success and impact on the community. Based on the amount of funding available, and because of the recommendation for funding other programs, the Commission does not recommend awarding the full amount requested.

***Iowa Legal Aid – Race Equity Project***

Iowa Legal Aid submitted an application for extension of funding for the Race Equity Project. This project is focused upon the African American communities located in Polk, Black Hawk, Scott, and Dubuque counties. The Race Equity Project is a partnership of local agencies. They create on-location clinics to help African Americans with criminal expungement issues and other employment barriers which have arisen from involvement in the criminal justice system. At the time of its application, Iowa Legal Aid had exceeded its initial goal and served 478 clients while successfully expunging around 400 cases. It is seeking \$150,000 for a two-year expansion of this project. As part of this expansion, Iowa Legal Aid intends to reduce the number of clinics held in Polk County in order to offer additional clinics in rural hubs in the northwest, southwest, and southeast corners of the state. ILA estimates it will serve between 450 and 900 clients over the next two years through this project.

Letters of support were submitted by the partners to the program, including the ACLU Foundation of Iowa. Given the popularity of this program and its initial success, the Commission recommends continued funding for this project.

### ***Iowa Legal Aid – Community Economic Development Project***

Iowa Legal Aid also seeks an extension of funding for its Community Economic Development (CED) Project. It previously received \$500,000, but concedes in its application that the program took some time to gain momentum. The program was not staffed until July 2018. For those reasons, ILA is seeking an extension of time to spend unused funds from the prior award as well as to be awarded \$150,000 in additional funds this period.

Through this project, Iowa Legal Aid and a number of community partners provided assistance to startups, businesses owned by women and minorities, and non-traditional legal aid services with the hopes of leading to greater employment opportunities around the state. The rate of new cases for this program doubled in the second half of 2018, and based upon this success, Legal Aid projects the CED Project will handle 300 cases over the next two years as well as conduct thirty community legal education events during that time frame.

The CED Project arguably provides a substantial community benefit and falls squarely within the parameters of the funding requirements. The Commission recommended funding of this program.

### ***Iowa Legal Aid – Community Stabilization Project***

Iowa Legal Aid's Community Stabilization Project aims to create economic stability in the most distressed communities in Des Moines and Council Bluffs. This project is aimed at providing multi-pronged legal assistance in these communities, with an emphasis on stabilizing housing and combatting domestic violence. Iowa Legal Aid has

partnered with other community organizations to which it makes referrals to provide what it terms as “wrap around” services and resources to clients, which are aimed at providing assistance to clients on multiple fronts. It has asked for \$300,000 for a two-year continuation of this project; it has also sought permission to be able to spend down unused funds from its prior BoA settlement fund award for this program. It was previously awarded \$186,719.

This project, while laudable, could arguably be considered falling outside of a strict definition of community redevelopment legal assistance. The beneficiaries of the legal services provided are individuals rather than a community as a whole. Iowa Legal Aid has, however, narrowed the focus to specific residential tracts in two distressed communities. The project would arguably benefit identified geographic communities. Iowa Legal Aid has been successful in securing additional funding for the program and has also partnered with several other community organizations to which client referrals are made. Since the requested funding for this program is directed at a wide range of legal services, which Iowa Legal Aid presumably routinely provides outside the scope of this program, and since it appears as though several other sources of funding have been secured for this program, the Commission initially considered not funding the program but instead use the funds for other programs. However, after much discussion the Commission does recommend awarding funds for the program.

#### ***Iowa Legal Aid – Immigrant Stabilization Project***

Iowa Legal Aid’s Immigrant Stabilization Project is a partnership with two other entities, Iowa Justice for Our Neighbors (JFON) and the Ethnic Minorities of Burma

Advocacy and Resource Center (EMBARC). This program was awarded \$200,000 in the last round of funding. The current proposal is to continue to provide legal services and education to immigrants and their families. EMBARC serves as a client referral entity. Individuals needing legal assistance in immigration matters are referred to JFON and those needing non-immigration civil legal services are referred to Iowa Legal Aid. In 2018, the project exceeded expectations by processing 234 referrals, resulting in 215 new cases being opened. The original projection was 95 clients.

Iowa Legal Aid has asked for \$100,000 in additional funding for this two-year extension. These funds would be shared with EMBARC and JFON, through subcontracting of the services referenced above. This program has already had a positive impact on immigrant communities in Iowa, and it appears as though these entities are poised to continue that success. The Commission recommends funding this program.

### **Funding Recommendations for BoA Grants**

As previously mentioned, there is \$1,000,000 in funding remaining. The Commission ultimately considered two options, one that cut out funding for the ILA's Community Stabilization program and another that funded all of the prior grant recipients:



<b>BoA Final Funding</b>							
<b>Foreclosure Related Legal Services</b>				Option 1: No CS Project		Option 2: Fund All	
<b>Number</b>	<b>Name</b>	<b>Last Grant</b>	<b>Grant Request</b>	<b>Award</b>	<b>% of Request</b>	<b>Award</b>	<b>% of Request</b>
1	Muscatine Legal Services	\$30,000	\$32,000	\$32,000	100%	\$32,000	100%
2	Iowa Legal Aid - Foreclosure Prevention Project	\$300,000	\$300,000	\$300,000	100%	\$200,000	67%
	Subtotal:	\$330,000	\$332,000	\$332,000		\$232,000	
<b>Community Redevelopment Legal Assistance</b>							
<b>Number</b>	<b>Name</b>	<b>Last Grant</b>	<b>Grant Request</b>	<b>Option 1:</b>	<b>% of Request</b>	<b>Option 2:</b>	<b>% of Request</b>
3	Drake University Law School	\$500,000	\$611,000	\$318,000	52%	\$250,000	41%
4	Iowa Legal Aid - Race Equity Project	\$100,000	\$150,000	\$150,000	100%	\$150,000	100%
5	Iowa Legal Aid - Community Economic Development	\$500,000	\$150,000	\$100,000	67%	\$150,000	100%
6	Iowa Legal Aid - Community Stabilization Project	\$186,719	\$300,000	\$0	0%	\$118,000	39%
7	Iowa Legal Aid - Immigration Stabilization Project	\$200,000	\$100,000	\$100,000	100%	\$100,000	100%
	Subtotal from Community Redevelopment:		\$1,311,000	\$668,000		\$768,000	
	Subtotal from Foreclosure:		\$332,000	\$332,000		\$232,000	
<b>Totals</b>			<b>\$1,643,000</b>	<b>\$1,000,000</b>		<b>\$1,000,000</b>	

The Commission recommends **Option 2**. Since the programs cannot all be fully funded, the Commission took into consideration the impact each program had on the community being served. The Commission also considered the other funding sources the entities had access to so as to continue with the program. As far as the foreclosure related legal services grant requests are concerned, the Commission recommended fully funding Muscatine Legal Services but scaling back the award being given to Iowa Legal Aid for their foreclosure prevention program. This program was the recipient of all of the first round of funding as well as the second, so they have been funded for four years. The Commission thought that

<b>BoA Final Funding</b>					
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1	Muscatine Legal Services	\$30,000	\$32,000	\$32,000	100%
2	Iowa Legal Aid - Foreclosure Prevention Project	\$300,000	\$300,000	\$200,000	67%
	Subtotal:	\$330,000	\$332,000	\$232,000	
<b>Community Redevelopment Legal Assistance</b>					
<b>Number</b>	<b>Name</b>	<b>Last Grant</b>	<b>Grant Request</b>	<b>Option 2:</b>	<b>% of Request</b>
3	Drake University Law School	\$500,000	\$611,000	\$250,000	41%
4	Iowa Legal Aid - Race Equity Project	\$100,000	\$150,000	\$150,000	100%
5	Iowa Legal Aid - Community Economic Development	\$500,000	\$150,000	\$150,000	100%
6	Iowa Legal Aid - Community Stabilization Project	\$186,719	\$300,000	\$118,000	39%
7	Iowa Legal Aid - Immigration Stabilization Project	\$200,000	\$100,000	\$100,000	100%
	Subtotal from Community Redevelopment:		\$1,311,000	\$768,000	
	Subtotal from Foreclosure:		\$332,000	\$232,000	
<b>Totals</b>			<b>\$1,643,000</b>	<b>\$1,000,000</b>	


reducing their award to \$200,000 would give them sufficient funds to continue but also encourage them to seek alternate funding if they wish to keep the program alive after the next two years.

The Commission recommends decreasing the amount of award given to Drake's entrepreneur clinic to \$250,000. That program is going very strong and will hopefully continue after the BoA funding has run out. Lastly, the Commission recommends decreasing the community stabilization project to \$118,000 in lieu of cutting it altogether. While the Commission agreed the funds could be used elsewhere, the project is a unique one and there has been some success in the specific communities involved.

The Commission recommends funding the remaining three programs at their requested amount. Two of the programs decreased the amount sought from the amount awarded in the last round of grant funding. The other project, ILA's Race Equity Project, increased its request. The Commission strongly recommends funding of the Race Equity Project at the requested amount, particularly given the attention the program has garnered.<sup>6</sup>

Dated this 8th day of May, 2019.

Respectfully submitted,

A handwritten signature in black ink, reading "Nicholas Critelli" with a stylized flourish at the end.

Nicholas ("Tre") Critelli, III, Director  
Office of Professional Regulation

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<sup>6</sup> See May 6, 2019's article in the Quad-City Times. [https://qctimes.com/news/local/clinic-helps-people-expunge-eligible-criminal-cases/article\\_163ec4d1-9f95-5c2a-a4be-ee24e0b89319.html](https://qctimes.com/news/local/clinic-helps-people-expunge-eligible-criminal-cases/article_163ec4d1-9f95-5c2a-a4be-ee24e0b89319.html)